

Sullivan County NH

Type of Meeting:

Sullivan County Full Delegation

Date / Time:

October 29, 2007 / 9:00 am

Place:

Lou Thompson Room

Participants:

Representatives: Peter Franklin (Chair), Ellen Nielsen (Clerk), John Cloutier, Larry Converse, Tom Donovan, Brenda Ferland, Sue Gottling, Arthur Jillette, Jay Phinzy, Beverly Rodeschin and Carla Skinder (Rep Rodeschin had to leave at 10:30 am)

Commissioners: Ethel Jarvis

Other elected Officials and County Employees: None

Auditors: Frank Biron, CPA, and Sheryl Burke, CPA, Melanson Heath & Company

Public Participant

The meeting was called to order by the chair, Rep. Franklin, at 9:15 am.

Agenda Review:

The agenda was rearranged in order to allow the auditors to present their report immediately after the public participant.

Public Participation:

The public participant stated that she is the mother of a nine-year-old girl who was sexually assaulted three years ago. She said that the perpetrator has not been prosecuted because NH law provides that a defendant has the right to confront an accuser, and the prosecutor in the county (not Sullivan) where the offense occurred has determined that her child should not testify in open court, where she would be required to face the defendant and be cross-examined by his attorney. The public participant asked the delegation to consider sponsoring legislation that would allow some type of televised or *in camera* testimony by child victims in such cases. Several delegation members agreed to do more research on the proposed legislation and to determine if it would be possible to introduce such legislation in 2008 by requesting a suspension of the rules, since the deadline for submitting new bills has passed. [The name of the public participant has been omitted from these minutes to protect the identity of the child.]

Auditors' Report:

The auditors, Frank Biron and Sheryl Burke, reviewed the *Annual Financial Statements* document which they had prepared for Sullivan County with the delegation, and discussed some key points of the accompanying *Management Letter*.

To begin their report, they provided another document, which summarized some of their findings and supported their explanation of why some expenditures did not appear in the monthly revenue and expense statement, which were made available to all representatives. In particular, encumbrances (money committed in the form of purchase orders, etc., but not actually paid out) from fiscal year 2006 appear to have been rolled over into fiscal year 2007 without appearing in the 2007 budget expenditures.

These encumbrances were tracked in a separate fund, (Fund 50) which did not appear on the monthly summary sheets. When Fund 50 is included in the fiscal 2007 budget, ~~the budget is not balanced~~ expenditures exceed budget. The county's fiscal 2007 deficit can be summarized as follows:

Revenues less than budget	(1,406,200)
Expenditures more than budget	(60,541)
Fiscal 2006 encumbrances –Fund 50	(1,205,266)
Audit adjustments	434,409
Total GAAP basis net loss	(2,239,455)
Budget adjustments	11,694
Total budget basis net loss	(2,227,761)

Mr. Biron stated that this independent audit report is still a draft audit report, and that the county commissioners must present a plan to deal with the deficit before the report is finalized. Also, it was pointed out that the money borrowed late in fiscal 2007 to pay ongoing county expenses such as the payroll must be repaid by December 31, 2007.

Rep. Ferland asked if the county needed to create a different method of tracking encumbrances from the previous fiscal year. Ms. Burke said that the problem had been addressed, and that the amount of fiscal 2007 encumbrances carried over into fiscal 2008 is \$197,210.

The auditors then turned to a discussion of the management letter, which accompanied the audit report, and explained that they had identified five material weaknesses, which Sullivan County must correct in order to improve its fiscal management. Their recommendations are:

1. Monitor Results of Operations and Establish Fiscal Recovery Plan.
"We recommend the County establish formal plans to specifically address continuing losses from Nursing Home operations, and to permanently repay the existing bank loan."
2. Clarify Nursing Home Budget.
Budgeted revenues and expenditures for the nursing home, including transfers in and out, shared costs, and capital expenditures, must be clearly identified.
3. Close Funds 30 and 42.
Tracking both nursing home expenditures and general fund expenditures in these funds creates confusion and makes it difficult to determine the true cost of operating the nursing home,
4. Monitor Special Revenue Grant Funds.
The county must do a better job of keeping track of the special grants funds which it manages. Some of these funds show deficits, or show no activity for fiscal 2007.
5. Consider Implementing Internal Control Improvements.
In order to identify financial problems earlier, the county should develop a system for performing internal audits during the fiscal year rather than relying on independent audits at the end of the fiscal year.

The delegation had many questions for the auditors, and a number of representatives expressed concern about having received inadequate or misleading information about the county finances during fiscal 2007. In response to a question from Rep. Rodeschin, Commissioner Jarvis stated that the commissioners will develop and present a plan to repay the borrowed money and to improve the county's fiscal management before November 20, 2007. Representatives thanked the Mr. Biron and Ms. Burke for their report and the auditors left.

Old Business--Committee report and recommendation:

Rep. Gottling reported on the work of the subcommittee, which has been working on better collaboration between the commissioners and the delegation on control of spending. The original idea was to create a memorandum of understanding between the commissioners and the delegation, but this had been transformed into a resolution, which read:

Whereas: The County Convention has the power to raise county taxes and to make appropriations for the use of the county; and

Whereas: The County Commissioners are responsible for the day to day operation of the county; and

Whereas: The Executive Finance Committee of the County has the authority to review the expenditures of the county after the adoption of the county budget; and

Whereas: From time to time it may be necessary to transfer funds appropriated for one purpose to augment appropriations for another; and

Whereas: The Commissioners and the Delegation are partners in the oversight of the county budget:

1. Be it resolved that:

All funds appropriated for all line items in the 2008 fiscal year Sullivan County budget shall be non-transferable without prior approval of the Executive Finance Committee or the full County Convention in accordance with RSA 24:14. The one exception is that the commissioners are authorized to transfer funds within a department from one line item to another in the amount not to exceed \$1000.

Each and every transfer shall be reported to the Executive Finance Committee within a week of the transfer. The transfer information shall include the purpose of the transfer, the line item from which the money come, and the line item to which the money will go.

A transfer of less than \$1000 shall not occur more than once unless approved by the Executive Finance committee or the full County convention.

2. Be it resolved that:

The positions listed in the 2008 county budget constitute the authorized positions for fiscal year 2008. No new positions may be created or re-graded without approval of the Executive Finance committee or the full County Convention.

The delegation discussed the proposed resolution: It was pointed out that resolutions are not binding. Rep. Gottling pointed out that other counties have similar resolutions, which are treated as binding. Rep Ferland said the commissioners already ask the EFC to approve transfers, and the EFC should not make personnel decisions. There was general discussion of whether or not the EFC should approve of creating new positions, as opposed to hiring employees to fill existing positions. Comm. Jarvis and Rep. Gottling described an incident in which money was taken from an unfilled corrections position to restore a \$15,000 appropriation to continue the new jail study and subsequently a new corrections position was created. Several asked if the commissioners could live with such a resolution. Comm. Jarvis answered that she could but that she could not answer for the other two commissioners. Rep. Phinizy said he could not vote for the resolution without having input from the county attorney and the other two commissioners.

Rep. Donovan moved that the proposed resolution be passed and Rep Gottling seconded this motion.

Further discussion of the resolution followed the motion, and several amendments were offered.

Rep. Gottling moved that the resolution be changed to a motion by removing the five "Whereas" clauses and the two "Be it resolved" phrases and combining the four substantive paragraphs into one motion. Rep Nielsen seconded this motion. This motion to amend was passed by a voice vote with 9 ayes and 1 nay.

Some representatives thought the \$1000 limit was too restrictive and others thought that an existing position could be re-graded without approval from the EFC.

Rep. Cloutier moved to amend the motion by substituting \$5000 for \$1000 in paragraphs 1 and 3 and removing the words "or re-graded" from paragraph 4. This motion was seconded by Rep. Nielsen. The motion carried by a voice vote, with 8 ayes and 2 nays.

Rep. Phinizy moved to table the resolution and his motion was seconded by Rep. Skinder. This motion failed by a voice vote with 4 ayes and 6 nays.

The amended resolution read as follows:

All funds appropriated for all line items in the 2008 fiscal year Sullivan County budget shall be non-transferable without prior approval of the Executive Finance Committee or the full County Convention in accordance with RSA 24:14. The one exception is that the commissioners are authorized to transfer funds within a department from one line item to another in the amount not to exceed \$5000.

Each and every transfer shall be reported to the Executive Finance Committee within a week of the transfer. The transfer information shall include the purpose of the transfer, the line item from which the money come, and the line item to which the money will go.

A transfer of less than \$5000 shall not occur more than once unless approved by the Executive Finance committee or the full County convention.

The positions listed in the 2008 county budget constitute the authorized positions for fiscal year 2008. No new positions may be created without approval of the Executive Finance committee or the full County Convention.

Rep. Gottling moved the question and Rep. Nielsen seconded and requested a roll call vote.

The amended motion passed 7-3, with representatives voting as follows: YES: Cloutier, Converse, Donovan, Franklin, Gottling, Jillette; Nielsen NO: Ferland, Phinizy; Skinder

New Business--Proposal to restructure the Executive Finance Committee:

Rep. Donovan moved that the delegation act as an Executive Finance Committee of the whole. Rep. Converse seconded this motion.

Extensive and occasionally heated discussion of this motion followed:

Rep. Ferland said that such a large committee would be difficult to convene and it would be difficult to get a quorum. Rep. Phinizy said that he had many other responsibilities and would not have time to serve on the EFC committee of the whole. Rep. Skinder pointed out that she has a job and other responsibilities as well. Rep. Franklin said that as elected representatives we must all take responsibility for trying to solve the county's financial problems. Rep. Gottling pointed out that the delegation already spends much time talking about the county finances, and

so the extra duties might not take much extra time. Rep. Phinizy asked how such a committee of the whole would be structured and who would be the chair the meetings. Rep. Nielsen asked if EFC meetings would have to be noticed a week in advance by the delegation clerk in the same way as delegation meetings, and if the same kind of minutes would be required as is required for delegation meetings. Rep. Donovan said that he did not think the restructuring would need to be permanent—perhaps only for fiscal 2008, and suggested that the EFC committee could meet just before the delegation meetings as they have done in the past. Rep. Cloutier asked, “What is the goal of such a change? What are you trying to accomplish?” Rep. Ferland expressed concern that the proposed change was an attempt to replace her as chair of the EFC. Rep. Cloutier asked the delegation to give the existing EFC another chance to improve their oversight of the county finances.

Rep. Donovan withdrew his motion that the entire delegation act as an EFC of the whole, but Rep. Converse did not withdraw his seconding of the motion, and the motion remained on the floor.

Rep. Cloutier moved to table the motion and Rep. Skinder seconded the motion. The motion to table passed with 7 ayes and 3 nays.

New Business--Proposed meeting with Grafton County delegation:

Rep. Phinizy said that he had been discussing a proposal to combine the Sullivan County and Grafton County correctional facilities in some way with Senator Peter Burling, who represents parts of both counties. Currently both counties are facing the problems of overcrowded and outdated county jails and both are looking for cost effective alternatives to building expensive new facilities. Several members of the delegation expressed concern about the estimated 45 million dollar cost of the proposed new facility. In Sullivan County a committee is studying a plan for a new jail, and one member of the delegation, Rep. Gagnon, sits on the committee. As the discussion continued, the representatives realized that it isn't clear who would be meeting with the Grafton County delegation, the entire corrections committee, or just Rep. Gagnon. If the proposal to collaborate with Grafton County moves forward, it may be appropriate to appoint additional members of the delegation to the county corrections committee.

Rep. Phinizy moved that the delegation committee reviewing construction of a new jail meet with the Grafton County delegation and pursue the possibility of a joint Sullivan and Grafton County jail. The motion was seconded by Rep. Skinder. The motion passed by a unanimous voice vote.

Rep. Franklin asked if there were any other new business, and hearing none, suggested that the meeting be adjourned.

Rep. Cloutier moved that the meeting be recessed to the call of the chair. Several representatives seconded the motion. The motion passed by a unanimous voice vote.

The meeting was recessed at 12:50 pm.

Next Steps:

The EFC and the delegation plan to meet again as soon as the commissioners are ready to present a plan to deal with the deficit.

Respectfully Submitted,

Ellen Nielsen

4/28/08

Ellen Nielsen, Clerk